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Sent: 12/12/2014 4:58:51 PM
To: Lee, Bessie [Lee.Bessie@epa.gov]
CC: Rapicavoli, Emmanuelle [Rapicavoli.Emmanuelle@epa.gov]
Subject: Comments on the Hopi Arsenic Mitigation Project Proposal, DWTSA 15-7
Attachments: smime.p7s

Bessie,

Here are previous comments on the Hopi Arsenic Mitigation Project (HAMP) proposal:

- \$16,914,000 represents the balance of HAMP funds needed. Last year EPA funded a \$985,000 project and have funded about \$5 million to date.
- The above funding represents the unfunded portion of the project, which would include completing all three phases of this project. Likely funding agencies remain USDA as the major funding agency with both loan and grant funds, HUD, IHS and EPA, along with a strong likelihood of participation by the Tribe (\$2 million offered, but not yet committed) and BIA.
- The well drilling contract is completed, with excellent quality water, arsenic < 5 ppb and yields over 325 gpm per well.
- The PER, Strategic Plan and EA have been completed, although IHS has not approved the FONSI, pending acceptance of pipeline alignments and the project in general by the 4 village traditional leaders.
- The enforcement compliance date of January 23, 2015 looms and the Tribal Council needs to take action to move forward on this project.

Additional comments:

- The total cost of \$16,914,000 in the proposal could be reduced by the \$985,000 project funded by the DWTSA program last fiscal year, which is for HAMP construction at the villages of Sipaulovi and Mishongovi, although there are other budget variables that may balance this out including the final cost of electrical power supply from either APS or NTUA, which is being negotiated. Note the cost estimate includes \$1.8 million for power, which may be more than adequate for an NTUA extension of just 1-2 miles to the well sites, but may be short if the tribe decides to use APS power.
- There are several differences between the cost estimate and DWTSA guidelines, including contingencies at 10% instead of 5% and engineering with inspection at 18%, instead of the allowable DWTSA total of approximately 7.2% for construction cost of approximately \$12.2 million. These differences reflect the allowable funding guidance from the principle anticipated federal funding agency, the USDA Rural Development loan and grant program. I would recommend we note this difference, but accept the budget for planning purposes.
- The Hopi Tribal Council needs to act on a draft resolution committing \$2 million of tribal funding to the HAMP, along with initial funding in the amount of \$0.25 million for the utility authority, and tribal/village service agreements for both the alignments and operational issues. The tribe has recently taken the initiative to gain separate "letter" approvals of the HAMP by traditional leaders in the four villages, although it's uncertain if this will be completed in the near term. The tribe was behind on single audit act audits, but have now completed the 2010 audit and are working on the 2011 audit. All of the above will need to be completed before the tribe can complete an application for USDA-RD funding. On a conference call this week, the tribe felt the above referenced Council resolution should be considered and passed in January 2015, and the USDA application may be ready for submittal within 6 months. This may be optimistic, based on the complexities we have dealt with throughout planning for this project? On the other hand, there is widespread support for the HAMP amongst the tribal government, villages and people, as shown at public meetings, previous Council actions and through our monthly planning conference calls.
- If EPA funds another discrete portion of the proposed HAMP construction this year, it could be conditioned on the Tribal Council completion of all or some of the above activities, including the tribal funding, tribal/village agreements, power line agreement and the USDA application?
- It will be interesting to see how EPA's enforcement division addresses the above compliance plan deadline, and the relative responsibility of both the four villages and the tribe.

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